

**Testimony on Behalf of Montana Health Systems  
HB 334**

**Before the Senate Business, Labor, and Economic Affairs Committee  
Prepared by Jacqueline T. Lenmark  
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I am Jacqueline Lenmark. I represent Montana Health Systems, a state-certified managed care organization active in the Montana workers' compensation market since 1995. Montana Health Systems also operates certified managed care systems in Oregon and Texas, respectively, and was a member of the Oregon Labor Management Advisory Council.

Montana Health Systems generally supports HB 334. Its concerns relate only to Sections 15 through 17 in the bill (Sections 25 through 27 of the "grey bill" that was distributed to you this morning) which amend 39-71-1101, MCA, allowing insurers to designate a workers' treating physician after the date of claim acceptance. These amendments will dismantle an important cost containment mechanism that was enacted in 1993 and which has been fully implemented to effectively control medical expenses in Montana's workers' compensation system.

Montana Health Systems' concern, in addition to the fact that this undermines the role of MCO's in Montana, is that the worker may not be given adequate protection under this statute as proposed. When an MCO contract exists, Montana administrative rules dictate that the MCO designate a treating physician, taking into account the worker's preference and type of injury. This requirement allows the worker input into treating physician selection, while still ensuring an appropriate level and type of care. Further, the worker may choose to continue to treat with their primary care provider, so long as that provider agrees to all terms and conditions of the MCO.

Insurers are prohibited from owning an MCO (39-71-1105, MCA) specifically to provide an "arm's length" in the control of the injured worker's medical care. Allowing direct control over the worker's treating physician runs the risk of the development of a "company doctor" syndrome, and flies in the face of the prohibition against forming, owning or operating an MCO.

MCO's are further mandated by rule to maintain policies and procedures to provide quality, cost-effective treatment to injured workers, maintain continuity of care for injured workers; maintain network adequacy; provide peer review, utilization review, and quality assurance programs; and provide a medically-based, internal dispute resolution process. Managed care systems also provide credentialing of providers to avoid directing an injured worker to physicians who may have serious malpractice or disciplinary history or who hold themselves out as having a specialization that is not supported by education or practice. Neither insurers nor preferred provider organizations would be required to maintain these safeguards.

It is Montana Health Systems' understanding that it was not the intent of the amendments contained in HB 334 to diminish the benefits of managed care. Amending Sections 15 through 17 will insure that does not result. Montana Health Systems appreciates the Committee's consideration of its proposed amendment to the bill.